



Independent Accountants' Report on the Application of Agreed-Upon Procedures on Costs Claimed by Young Men's Christian Association of Greater New York Under Department of State Grants

At the request of the Department of State, Office of Inspector General (OIG), L.F. Harris & Associates, CPA, P.A., performed certain agreed-upon procedures on the costs claimed by the Young Men's Christian Association of Greater New York under selected Department grants. The procedures were to determine whether the Association adequately accounted for federal funds related to the grants and complied with the terms of the grants and the cost principles of Office of Management and Budget (OMB) Circulars A-122, at 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, A-110, at 2 CFR Part 215; *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*; and A-133, *Compliance Supplement*.

The independent accountants' review disclosed four instances where the Association did not comply with the requirements of OMB Circular A-122, including (1) improperly charging \$568 in unallowable food and beverage costs to a Department grant unrelated to the associated allowable travel expenses; (2) not submitting financial reports or submitting them after the due dates specified in the grants, (3) requesting funds from the Department in excess of immediate disbursement requirements; and (4) not requiring that employee timesheets be prepared in accordance with OMB Circular A-122. As a result, the independent accountants questioned \$82,714: \$82,146 as unsupported payroll costs and \$568 as unallowable charges for food and beverage expenses.

The independent accountants found the Association's accounting system to be adequate to identify, segregate, accumulate, and report direct and indirect costs under the provisions of OMB Circular A-122. The grant agreements specify the maximum dollar amount that the Association may claim for indirect costs. For all periods tested, the independent accountants found that the Association's indirect costs exceeded the amount allowable under the grants; however, the Association only claimed these costs up to the amounts specified in the grant agreements.